

AMENDED IN ASSEMBLY APRIL 21, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1632**

**Introduced by Assembly Member Blakeslee**

February 22, 2005

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An act to amend Section 25303 of the Public Resources Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1632, as amended, Blakeslee. Energy ~~resources~~: *planning and forecasting.*

*The Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission to prepare an integrated energy policy report every 2 years. The act requires the commission to conduct electricity and natural gas forecasting and assessment activities, as specified, in reporting on electricity and natural gas markets.*

*This bill would require the commission, as part of its electricity and natural gas forecasting and assessment activities, to evaluate the vulnerability of existing, large baseload generation facilities to a major disruption due to aging or a catastrophic event, including, but not limited to, a major earthquake or other natural event.*

*Under existing law, the commission is also required, as part of its integrated energy policy report, to assess the current status of the environmental performance of the electric generation facilities of the state, as specified.*

*This bill would require the commission to include in that assessment the impact on the environment, public safety, and the economy of a major catastrophic event, including, but not limited to, a major*

earthquake or other natural event, at a major baseload generation plant.

~~The Warren-Alquist State Energy Resources Conservation and Development Act declares, among other things, that it is the policy of the state to establish and consolidate the state's responsibility for energy resources.~~

~~This bill would declare the intent of the Legislature to enact legislation relating to thermal power plants.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 ~~SECTION 1. It is the intent of the Legislature to enact~~  
2 ~~legislation relating to thermal power plants.~~

3 *SECTION 1. Section 25303 of the Public Resources Code is*  
4 *amended to read:*

5 25303. (a) The commission shall conduct electricity and  
6 natural gas forecasting and assessment activities to meet the  
7 requirements of paragraph (1) of subdivision (a) of Section  
8 25302, including, but not limited to, all of the following:

9 (1) Assessment of trends in electricity and natural gas supply  
10 and demand, and the outlook for wholesale and retail prices for  
11 commodity electricity and natural gas under current market  
12 structures and expected market conditions.

13 (2) Forecasts of statewide and regional electricity and natural  
14 gas demand including annual, seasonal, and peak demand, and  
15 the factors leading to projected demand growth including, but not  
16 limited to, projected population growth, urban development,  
17 industrial expansion and energy intensity of industries, energy  
18 demand for different building types, energy efficiency, and other  
19 factors influencing demand for electricity. With respect to  
20 long-range forecasts of the demand for natural gas, the report  
21 shall include an evaluation of average conditions, as well as best  
22 and worst case scenarios, and an evaluation of the impact of the  
23 increasing use of renewable resources on natural gas demand.

24 (3) Evaluation of the adequacy of electricity and natural gas  
25 supplies to meet forecasted demand growth. Assessment of the  
26 availability, reliability, and efficiency of the electricity and  
27 natural gas infrastructure and systems including, but not limited

1 to, natural gas production capability both in and out of state,  
2 natural gas interstate and intrastate pipeline capacity, storage and  
3 use, and western regional and California electricity and  
4 transmission system capacity and use.

5 (4) Evaluation of potential impacts of electricity and natural  
6 gas supply, demand, and infrastructure and resource additions on  
7 the electricity and natural gas systems, public health and safety,  
8 the economy, resources, and the environment.

9 (5) Evaluation of the potential impacts of electricity and  
10 natural gas load management efforts, including end user response  
11 to market price signals, as a means to ensure reliable operation of  
12 electricity and natural gas systems.

13 (6) Evaluation of whether electricity and natural gas markets  
14 are adequately meeting public interest objectives including the  
15 provision of all of the following: economic benefits; competitive,  
16 low-cost reliable services; customer information and protection;  
17 and environmentally sensitive electricity and natural gas  
18 supplies. This evaluation may consider the extent to which  
19 California is an element within western energy markets, the  
20 existence of appropriate incentives for market participants to  
21 provide supplies and for consumers to respond to energy prices,  
22 appropriate identification of responsibilities of various market  
23 participants, and an assessment of long-term versus short-term  
24 market performance. To the extent this evaluation identifies  
25 market shortcomings, the commission shall propose market  
26 structure changes to improve performance.

27 (7) Identification of impending or potential problems or  
28 uncertainties in the electricity and natural gas markets, potential  
29 options and solutions, and recommendations.

30 (8) *Evaluation of the vulnerability of existing, large baseload*  
31 *generation facilities to a major disruption due to aging or a*  
32 *catastrophic event, including, but not limited to, a major*  
33 *earthquake or other natural event. This evaluation shall include*  
34 *an analysis of the impact of a major disruption on reliability and*  
35 *rates, including the cost of major capital expenditures that may*  
36 *be required in order to avoid or remedy a major disruption. This*  
37 *evaluation shall be based on the most current scientific data*  
38 *available to the commission.*

39 (b) Commencing November 1, 2003, and every two years  
40 thereafter, to be included in the integrated energy policy report

1 prepared pursuant to Section 25302, the commission shall assess  
2 the current status of the following:

3 (1) The environmental performance of the electric generation  
4 facilities of the state, to include all of the following:

5 (A) Generation facility efficiency.

6 (B) Air emission control technologies in use in operating  
7 plants.

8 (C) The extent to which recent resource additions have, and  
9 expected resource additions are likely to, displace or reduce the  
10 operation of existing facilities, including the environmental  
11 consequences of these changes.

12 (D) *The impact on the environment, public safety, and the*  
13 *economy of a major catastrophic event, including, but not limited*  
14 *to, a major earthquake or other natural event, at a major*  
15 *baseload generation plant.*

16 (2) The geographic distribution of statewide environmental,  
17 efficiency, and socioeconomic benefits and drawbacks of  
18 existing generation facilities, including, but not limited to, the  
19 impacts on natural resources including wildlife habitat, air  
20 quality, and water resources, and the relationship to demographic  
21 factors. The assessment shall describe the socioeconomic and  
22 demographic factors that existed when the facilities were  
23 constructed and the current status of these factors. In addition,  
24 the report shall include how expected or recent resource additions  
25 could change the assessment through displaced or reduced  
26 operation of existing facilities.